



Senate

General Assembly

File No. 550

January Session, 2001

Substitute Senate Bill No. 1131

Senate, May 2, 2001

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR MACHINERY AND EQUIPMENT IN ENTERPRISE ZONES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Subdivision (60) of section 12-81 of the general statutes is repealed
2 and the following is substituted in lieu thereof:

3 (60) (a) (1) Machinery and equipment which represents an addition
4 to the assessment or grand list of the municipality in which this
5 exemption is claimed and is installed in any manufacturing facility, as
6 defined in section 32-9p, which facility is or has been constructed, or
7 substantially renovated or expanded on or after July 1, 1978, in a
8 distressed municipality or targeted investment community or
9 enterprise zone designated pursuant to section 32-70 and for which an
10 eligibility certificate has been issued by the Department of Economic
11 and Community Development, concurrently with and directly
12 attributable to such construction, renovation or expansion, (2)

13 machinery and equipment which represents an addition to the
14 assessment or grand list of the municipality in which this exemption is
15 claimed and is installed, or machinery and equipment existing, in any
16 manufacturing facility, as defined in section 32-9p, which facility is or
17 has been acquired on or after July 1, 1978, in a distressed municipality,
18 targeted investment community or enterprise zone designated
19 pursuant to section 32-70 and for which an eligibility certificate has
20 been issued by the Department of Economic and Community
21 Development, and (3) machinery and equipment acquired and
22 installed on or after October 1, 1986, in a manufacturing facility that is
23 or has at one time been certified as eligible for the exemption under
24 this subparagraph in accordance with section 32-9r, and which
25 continues to be used for manufacturing purposes, provided such
26 machinery and equipment is installed in conjunction with an
27 expansion program that satisfies the requirements for a manufacturing
28 facility, as defined in section 32-9p, and is contiguous to and represents
29 an increase in square feet of floor space of not less than fifty per cent of
30 the floor space in the certified manufacturing facility, as follows: To the
31 extent of eighty per cent of its valuation for purposes of assessment in
32 each of the five full assessment years for which the manufacturing
33 facility in which it is installed qualifies for an exemption under
34 subdivision (59) of this section;

35 (b) (1) Machinery and equipment which represents an addition to
36 the assessment or grand list of the municipality in which this
37 exemption is claimed and is installed in any service facility, as defined
38 in section 32-9p, which facility is or has been constructed, or
39 substantially renovated or expanded on or after July 1, 1996, and for
40 which an eligibility certificate has been issued by the Department of
41 Economic and Community Development, concurrently with and
42 directly attributable to such construction, renovation or expansion, (2)
43 machinery and equipment which represents an addition to the
44 assessment or grand list of the municipality in which this exemption is
45 claimed and is installed, or machinery and equipment existing, in any

46 service facility, as defined in section 32-9p, which facility is or has been
47 acquired on or after July 1, 1996, and for which an eligibility certificate
48 has been issued by the department, and (3) machinery and equipment
49 acquired and installed on or after July 1, 1996, in a service facility that
50 is or has at one time been certified as eligible for the exemption under
51 this subparagraph in accordance with section 32-9r and which
52 continues to be used for service purposes, provided such machinery
53 and equipment is installed in conjunction with an expansion program
54 that satisfies the requirements for a service facility, as defined in
55 section 32-9p, and is contiguous to and represents an increase in
56 square feet of floor space of not less than fifty per cent of the floor
57 space in the certified service facility, as follows: (i) In the case of an
58 investment of twenty million dollars or more but not more than thirty-
59 nine million dollars in the service facility, to the extent of forty per cent
60 of its valuation for purposes of assessment in each of the five full
61 assessment years for which the service facility in which it is installed
62 qualifies for an exemption under subdivision (59) of this section; (ii) in
63 the case of an investment of more than thirty-nine million dollars but
64 not more than fifty-nine million dollars in the service facility, to the
65 extent of fifty per cent of its valuation for purposes of assessment in
66 each of the five full assessment years for which the service facility in
67 which it is installed qualifies for an exemption under subdivision (59)
68 of this section; (iii) in the case of an investment of more than fifty-nine
69 million dollars but not more than seventy-nine million dollars in the
70 service facility, to the extent of sixty per cent of its valuation for
71 purposes of assessment in each of the five full assessment years for
72 which the service facility in which it is installed qualifies for an
73 exemption under subdivision (59) of this section; (iv) in the case of an
74 investment of more than seventy-nine million dollars but not more
75 than ninety million dollars in the service facility, to the extent of
76 seventy per cent of its valuation for purposes of assessment in each of
77 the five full assessment years for which the service facility in which it
78 is installed qualifies for an exemption under subdivision (59) of this

79 section; or (v) in the case of an investment of more than ninety million
80 dollars in the service facility, to the extent of eighty per cent of its
81 valuation for purposes of assessment in each of the five full assessment
82 years for which the service facility in which it is installed qualifies for
83 an exemption under subdivision (59) of this section, except that any
84 financial institution, as defined in section 12-217u, having at least four
85 thousand qualified employees, as determined in accordance with an
86 agreement pursuant to subdivision (3) of subsection (n) of section 12-
87 217u, shall be eligible to have the assessment period extended for five
88 additional years upon approval of the commissioner, in accordance
89 with all applicable regulations, provided such full-time employees
90 have not been relocated from another facility in the state operated by
91 the same eligible applicant. In no event shall the definition of qualified
92 employee be more favorable to the employer than the definition
93 provided in section 12-217u;

94 (c) This exemption shall terminate for the assessment year next
95 following if the manufacturing facility or service facility in which such
96 machinery and equipment is installed no longer qualifies for an
97 exemption under said subdivision (59), and there shall not be a pro
98 rata application of the exemption of such machinery and equipment in
99 the assessment year of such termination. Any person who desires to
100 claim the exemption provided in this subdivision shall file annually
101 with the assessor or board of assessors in the distressed municipality,
102 targeted investment community or enterprise zone designated
103 pursuant to section 32-70 in which the manufacturing facility or service
104 facility is located, on or before the first day of November, written
105 application claiming such exemption on a form prescribed by the
106 Secretary of the Office of Policy and Management. Failure to file such
107 application in this manner and form within the time limit prescribed
108 shall constitute a waiver of the right to such exemption for such
109 assessment year, unless an extension of time is allowed pursuant to
110 section 12-81k, and upon payment of the required fee for late filing.
111 This exemption shall not apply to rolling stock. The machinery and

112 equipment of a manufacturing facility having a code classification 2833
113 or 2834 in the Standard Industrial Code Classification Manual, United
114 States Office of Management and Budget, 1987 edition, and having at
115 least one thousand full-time employees, as defined in subsection (f) of
116 section 32-9j, shall be eligible to have the assessment period extended
117 for five additional years upon approval of the commissioner, provided
118 such machinery and equipment were on the October, 2000, grand list
119 of the municipality in which this exemption is claimed.

CE*Joint Favorable C/R*

FIN

FIN*Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Cost

Affected Agencies: Office of Policy and Management

Municipal Impact: Revenue Loss

Explanation**State Impact:**

The bill is expected to result in a cost to the Office of Policy and Management (OPM) of approximately \$25,000 to \$30,000 per year. The annual cost to OPM will be from FY 05 through FY 09 (the additional five-year period).

Municipal Impact:

The bill is expected to result in a revenue loss to the City of Groton of approximately \$25,000 to \$30,000 per year. The revenue loss to the City will be from FY 05 through FY 09 (the additional five-year period).

OLR BILL ANALYSIS

sSB 1131

***AN ACT CONCERNING THE PROPERTY TAX EXEMPTION FOR
MACHINERY AND EQUIPMENT IN ENTERPRISE ZONES.***

SUMMARY:

This bill gives companies manufacturing pharmaceutical, medicinal chemical, and botanical products an extra five years to continue receiving the 80% property tax exemption on machinery and equipment installed in a manufacturing facility. These companies qualify for the extension if (1) they employ at least 1,000 people, (2) the machinery and equipment were on the town's October 2000 grand list, and (3) the economic and community development commissioner approved the extension.

By law, most manufacturers and specified service firms qualify for a five-year 80% abatement on facilities they develop or acquire in an enterprise zone or other designated area and the machinery and equipment installed in these facilities. The state reimburses towns for some of the revenue loss.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Commerce Committee

Joint Favorable Change of Reference

Yea 23 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 42 Nay 3

